

Ladies and Gentlemen, Dear Shareholders,

The Energa Group closed 2018 with an EBITDA of nearly PLN 1.9 billion, a financial situation allowing for further investments and the title of RES leader among the main Polish energy companies.

The reason for our satisfaction is that last year the Energa Group implemented the tasks included in the long-term development strategy on schedule, while building a basis for further projects.

The implementation of the optimal structure of the Energa Group has been completed, which has measurably translated into an increase in work efficiency and rationalisation of the manner in which financial resources are used. This was achieved, among others, by reducing the number of companies by half (from 44 to 22), implementing centralisation of the purchasing and IT processes or increasing the scope of tasks entrusted to the Group's employees, thus limiting the work of external subcontractors.

Last year's power market auctions allowed Energa Group companies to conclude power agreements for its existing and planned generation assets. As a result, we have gained important financial support for them, which will translate into faster development in the area of both conventional and renewable energy production. The flagship RES project is the construction of the Przykona wind farm with a capacity of 30MWe.

As part of its development strategy, the Energa Group strives to become a leader among distribution system operators (DSOs) by increasing network efficiency and reliability combined with the highest quality of its customer service.

We are in the process of implementing key projects that build our value. We are intensively developing the energy storage area and electromobility segment attractive from the point of view of future results, co-operating with local governments in this respect. As planned, at the end of 2018 the Group also commenced the construction of Ostrołęka C - a modern power unit, which will significantly increase the domestic generation capacity and strengthen the security of the Polish power system. Moreover, as a result of a significant increase in capital expenditures, nearly 56,000 new customers were connected, 5,322 km of lines were built and modernised, and 59 MW of new RES sources were connected to the grid.

The results of the Energa Group, in the same way as the whole sector, were influenced by market conditions, mainly related to the rapid increase in market prices of electricity and CO2 emission allowances. One-off events also had their impact. The EBITDA of the Energa Group for the whole 2018 amounted to PLN 1.877 billion and the net profit reached PLN 744 million. Last year, the Group's revenues amounted to PLN 10.33 billion.

The Distribution Business Line, a traditional driver of Energa's development, generated EBITDA of PLN 1.704 billion and revenues of PLN 4.028 billion. The total distribution of electricity in 2018 amounted to 22,542 GWh, which is the highest result ever. The share of the Generation Business Line in the EBITDA of the Energa Group in 2018 amounted to 18%. The EBITDA of the Generation Business Line amounted to PLN 329 million. In 2018, the generation assets of the Energa Group produced a total of 3.9 TWh of electricity. In 2018, the Sales Business Line reached PLN -85 million EBITDA as a result of unprecedented market changes. The total volume of electrical energy sold reached 19.777 GWh.

Yours respectfully,

Alicja Barbara Klimiuk

Acting President of the Energa S.A. Management Board